

Mr. Young stated he had talked to the Pension Board attorney shortly after receiving the email notification from Ms. Lenehan and was advised that the City Attorney expected to have his opinion on that matter finished by the previous day; however, after the General Membership meeting, Mr. Young stated he called the Pension Board attorney a second time and was advised that the City Attorney's opinion would probably not be forthcoming for some time. Consequently, Mr. Young asked the Chairman if he knew what the status of the City Attorney's opinion may be. Mr. Moore replied that there was no City Attorney's opinion at that time and that it was probably not a matter of great concern after the General Membership Meeting; however, after a brief discussion of that matter, he did agree to seek its resolution with the City Attorney.

Agenda Item #4. Approval of the July Regular Meeting Minutes

[00.45.27 into the pension meeting audio.]

Mr. Harrod made a motion to approve the July Regular Meeting Minutes and Mr. Hensley seconded the motion that passed by a unanimous vote of the Board.

Agenda Item #5. Report from Board Legal Consultant

[00.46.01 into the pension meeting audio.]

A. [No legal counsel was present]

B. Discussion by Board of RFQ process for new general counsel. — The Board had a question concerning the proper procedures to use when hiring a new general counsel to supplement our existing legal services in an effort to reduce the overall costs of such services to the fund. The Chairman stated the only procedure authorized was the "RFQ" procedure proscribed by Arkansas law and raised the additional issue of whether or not our existing counsel would agree to such services. The Board made the determination to invite its existing legal counsel to attend the next pension meeting to discuss that matter.

Agenda Item #6. Report from Board Financial Consultant

[01.00.00 into the pension meeting audio]

A. July Financial Report —Mr. Brister, Financial Consultant for the Fund, gave the July 2011 financial report and stated that on July 30, 2011, the market value of the total Fund was \$46,242,945, not including accrued income of \$61,885. Of that amount, \$25,089,317 was allocated to DROP. This represents a decrease in the account balance of (\$406,218) since the June 30, 2011 total amount of \$47,148,389. The component of this change was unrealized income of \$92,432.19 and net contributions/withdrawals of \$45,546.29. [Note: The amounts quoted in the previous sentence are drawn from figures available in other sections of the financial report and are not presented for computational value.] The Fund's overall market rate of return for the month of July 2011 was (1.22%) and 3.16% calendar year to date.

Due to the extreme volatility of the stock market and the continuing financial crisis in Europe and elsewhere, it appears that our countries financial condition will face some

“rocky roads” in the future that our investment advisers are attempting to negotiate through
“uncharted waters.”

Agenda Item #7. Report of Board Lobbyist

[Pension Board Lobbyist Mr. Roger Smith was unable to attend the pension meeting.]

Agenda Item #8. Report from Board Chairman

[01.26.55 into the pension meeting audio]

- A. Sales Tax Report — Mr. Moore expressed guarded optimism for the upcoming City sales tax initiative due to numerous endorsements of the City’s plan that are scheduled for the upcoming weeks. Mr. Hensley asked if there was anything our Pension Board could do to further assist with the passage of this measure and Mr. Moore stated we should contact our family members and friends to suggest that they support the measure.
- B. Reimbursing the Fund for Past Unpaid Probation Fees — [According to an email sent on August 4, 2011, to Board Members from Mr. Moore, the approximate amount of \$460,000 will be paid to our fund in 2012, if the City’s sales tax initiative is successful on September 13, 2011.]
- C. Screening at City Hall — [This issue was successfully resolved by the modification of the prior city policy concerning this matter.]

Agenda Item #9. Report from Board Secretary

[01.34.02 into the pension meeting audio.]

- A. Mr. Young stated that the City Attorney’s Memorandum on the “Austerity Measures” presented to Mr. Fortson during our first Funding Committee meeting provided no comment on the last two measures contained in that document pertaining to the Warrant and Subpoena fees that were the most important measures presented and asked Mr. Moore if he could try to ascertain the reasons why those measures were omitted from the City Attorney’s Memorandum. Mr. Moore agreed to seek a response to that question from the City attorney.
- B. Mr. Hensley stated [01.36.09 into the pension meeting audio] that Ms. Adcock had requested to know the frequency of our Funding Committee meetings and suggested that they be conducted at least monthly. The Board decided to hold such committee meetings at 8:00 am on the date of our pension meetings on every other month beginning on October 13, 2011, as was requested by the Chairman.

Agenda Item #10. Report from Board Treasurer

[01.14.14 into the pension meeting audio.]

- A. Financial Reports for July — The Treasurer submitted copies of the un-audited financial report for July 31, 2011. Net Income/Losses to the plan year to date was (\$425,939). The

report indicated that as of July 31, 2011, the total account fund balance including the DROP was \$47,433,228. The net income/loss for the month of July was (\$120,176).

Also submitted were copies of the July 2011 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$5,451.39 for the month and \$25,370.20 year to date. Legal fees paid were \$71,567.94 year to date.

Ms. Lenehan recommended [01.49.27 into the pension meeting audio] that the Board change its previous motion concerning the revision in the Board's policy of limiting distributions from DROP to once each month beginning on September 1, 2011, to October 1, 2011 because the DROP statements were a little late in going out to provide people with adequate notice of that minor change. Mr. Hensley made such a motion that was seconded by Ms. Lenehan and passed by a unanimous vote of the Board.

Following the review of the July financial and expense reports, Mr. Harrod made a motion to approve them as submitted that was seconded by Mr. Hensley. The motion passed by a unanimous vote of the Board.

- B. Report on change of membership status — Ms. Lenehan reported the death of pension member Ms. Lucille Walton. Mr. Hensley made a motion [01.54.31 into the pension meeting audio] to remove Ms. Lucille Walton from the pension rolls who received \$1,639.73 per month due to her death on July 22, 2011. Mr. Harrod seconded the motion that passed by a unanimous vote of the Board.

Agenda Item #11. Board Member Topics of Discussion

[01.56.22 into the pension meeting audio]

- A. Discussion of health benefits - Lee Harrod — Mr. Harrod requested that Mr. Moore check into the fact that City retirees who participate in the City's health insurance program do not receive the \$100 per month non-smoker's discount on their health insurance premiums that active duty members receive. Mr. Moore stated he would check on that matter and report back during the next pension board meeting.

Agenda Item #12. Fund Members Comments

[02.04.02 into the pension meeting audio]

[No pension fund members other than those on the Board were present.]

Agenda Item #13. Other Business

[02.04.05 into the pension meeting audio]

[There was no other business]

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Agenda Item #14. Adjourn Meeting

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[02.04.10 into the pension meeting audio.]

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Mr. Harrod made a motion to adjourn the meeting and Mr. Hensley seconded the motion that passed by a unanimous vote of the Board at approximately 11:04 hours.

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Respectfully Submitted,

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Stephen R. Young

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Board Secretary